



Billing Code: 4165-15

## **DEPARTMENT OF HEALTH AND HUMAN SERVICES**

### **42 CFR Part 23**

#### **RIN 0906-AB15**

#### **Removing Outmoded Regulations Regarding the National Health Service Corps Program**

**AGENCY:** Health Resources and Services Administration (HRSA), HHS.

**ACTION:** Final rule.

**SUMMARY:** This action removes outmoded regulations for the National Health Service Corps (NHSC) Program. The regulations were promulgated to implement Section 338G of the Public Health Service (PHS) Act, relating to private practice loans. The regulations have not been updated since they were issued in 1986. The regulations are no longer relevant or needed as the NHSC has not made private practice loan opportunities available since the 1980s, and does not plan to do so in the foreseeable future. The removal of these regulations will not create any challenges for other programs, as the law and regulations apply solely to NHSC clinicians.

**DATES:** This action is effective **[INSERT 30 DAYS FROM THE DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

**FOR FURTHER INFORMATION CONTACT:** Sweta Maheshwari J.D., Legislative Analyst, Division of Policy and Shortage Designation, Bureau of Health Workforce, HRSA, 5600 Fishers Lane, Room 11W21A, Rockville, MD 20857, by phone at (301) 945-3527, or by email at [smaheshwari@hrsa.gov](mailto:smaheshwari@hrsa.gov).

**SUPPLEMENTARY INFORMATION:** In response to Executive Order 13777 and Executive Order 13563, Sec. 6(a), which direct agencies to repeal existing regulations that are “outmoded” from the Code of Federal Regulations (CFR), HHS is removing 42 CFR part 23, subpart B (§§

23.21 through 23.35) and subpart C (§ 23.41). Furthermore, HHS has determined that there is good cause to bypass notice and comment and proceed to a final rule, pursuant to 5 U.S.C. 553(b)(B). The action is non-controversial, as it merely removes certain provisions from the CFR that are obsolete. Given the length of time (approximately 30 years) since the private practice loan provision has been utilized, it is HHS's assessment that the agency is unlikely to receive any comments opposing the repeal of these regulations. Thus, a comment period prior to finalization of this rule is unnecessary. This rule poses no new substantive requirements or burdens on the public.

## **Background**

In 1986, HHS issued implementing regulations, as directed in Section 338G of the PHS Act, specifying the interest rate and loan repayment terms for private practice special loans to former Corps members and interest rate and loan repayment terms for private practice start-up loans to NHSC scholarship recipients.

The provision for Special Loans for Former Corps Members to Enter Private Practice authorized the Secretary to make a one-time loan up to \$25,000 to a Corps member. In exchange, the Corps member reciprocated by committing to serve as a full-time private practice provider in a Health Professional Shortage Area (HPSA) for a minimum of two years. The intent of these regulations was to retain Corps members in HPSAs after the completion of their service obligation. The regulation is no longer relevant as the NHSC has not made such loan opportunities available since the 1980s and, therefore, no longer needs to set repayment terms for private practice start-up loans. HRSA does not intend to restart this loan program, as the NHSC program currently has a retention rate of 88%, making additional incentives unnecessary.

Section 338G also authorizes Private Start-Up Loans. At the time the statute was enacted, only the NHSC Scholarship Program existed. Scholars were able to apply for up to \$25,000 to purchase or lease the equipment and supplies needed for providing health services in their private practices. The intention of the program was to offer further incentives to recruit health professions students into the program. The regulation is no longer relevant since the NHSC has not made such loan opportunities available since the 1980s and, therefore, no longer has need to set repayment terms for private practice start-up loans. Furthermore, the NHSC Scholarship Program is significantly oversubscribed, and no further incentives are necessary to recruit health professions students.

Removing these regulations will not have an impact on the NHSC program. There is no specific appropriations authority to support Section 338G of the PHS Act; the authorization of appropriation at 338H supports all the activities under Subpart III (which includes the NHSC Loan Repayment and Scholarship Programs). The repeal of these regulations will not create any challenges for other programs, as the law and regulations apply solely to NHSC clinicians.

#### **Executive Orders 12866, 13563, 13771, and 13777**

Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13771 directs agencies to categorize all impacts which generate or alleviate costs associated with regulatory burden and to determine the actions net incremental effect.

Section 3(f) of Executive Order 12866 defines a “significant regulatory action” as an action that is likely to result in a rule: (1) having an annual effect on the economy of \$100 million or

more in any 1 year, or adversely and materially affecting a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local or Tribal governments or communities (also referred to as “economically significant”); (2) creating a serious inconsistency or otherwise interfering with an action taken or planned by another agency; (3) materially altering the budgetary impacts of entitlement grants, user fees, or loan programs or the rights and obligations of recipients thereof; or (4) raising novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in the Executive Order.

A regulatory impact analysis (RIA) must be prepared for major rules with economically significant effects (\$100 million or more in any 1 year). HHS submits that this final rule is not “economically significant” as measured by the \$100 million threshold, and hence not a major rule under the Congressional Review Act. This rule has not been designated as a “significant regulatory action” under Executive Order 12866. Accordingly, this rule has not been reviewed by the Office of Management and Budget (OMB).

Executive Order 13771, titled “Reducing Regulation and Controlling Regulatory Costs,” was issued on January 30, 2017. HHS identifies this final rule as a deregulatory action (removing an obsolete rule from the Code of Federal Regulations). For the purposes of Executive Order 13771, this final rule is not a substantive rule; rather it is administrative in nature and provides no cost savings.

Executive Order 13777, titled “Enforcing the Regulatory Reform Agenda,” was issued on February 24, 2017. As required by Section 3 of this Executive Order, HHS established a Regulatory Reform Task Force (HHS Task Force). Pursuant to Section 3(d)(ii), the HHS Task Force evaluated this rulemaking and determined that these regulations are “outdated, unnecessary, or ineffective.” Following this finding, the HHS Task Force advised the HRSA

Administrator to initiate this rulemaking to remove the obsolete regulations from the Code of Federal Regulations.

### **Regulatory Flexibility Act**

This action will not have a significant economic impact on a substantial number of small entities. Therefore, the regulatory flexibility analysis provided for under the Regulatory Flexibility Act is not required.

### **Paperwork Reduction Act**

This action does not affect any information collections.

Dated: June 4, 2018.

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**George Sigounas,**

Administrator,

Health Resources and Services Administration.

Approved: June 21, 2018.

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**Alex M. Azar II,**

Secretary,

Department of Health and Human Services.

## **List of Subjects in 42 CFR Part 23**

Health, Health professions.

For reasons set out in the preamble, and under the authority at 5 U.S.C. 301, HHS amends 42 CFR part 23 as follows:

### **PART 23—NATIONAL HEALTH SERVICE CORPS**

1. The authority citation for part 23 continues to read as follows:

Authority: Secs. 333, 338E(c), and 338C(e)(1), Public Health Service Act. 90 Stat. 2272, as amended, 95 Stat. 905, 97 Stat. 1345 (42 U.S.C. 254f *et seq.*), 95 Stat. 912 (42 U.S.C. 254p(c)), 95 Stat. 910 (42 U.S.C. 254n(e)(1)).

Subparts B and C [Removed]

2. Remove subpart B, consisting of §§ 23.21 through 23.35, and subpart C, consisting of § 23.41.

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